THE EXCHANGE

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Electronics — A Dynamic Industry

37 Remarkable Records

MIP's Millionth Milestone

FACTS FOR INVESTORS

How difficult is it for a new investor to secure the data—such as earnings, dividends, business prospects, industry outlook and other information—to make intelligent investment decisions?

The answer, of course, is that it isn't difficult at all.

Disregarding newspapers, magazines, statistical services and research agencies, the financial community alone distributes a staggering amount of factual material, reports and opinions about business in general, corporations and their securities in particular, and the stock market.

Write and Ask

A recent survey by the Stock Exchange disclosed, for instance, that —on an annual basis—296 Member Firms issue an estimated 30,700 market letters running to 46,800 pages, plus 15,500 pieces of sales literature totaling 37,300 pages.

In a single pile, these 84,100 pages of literature would stack 35 feet high; weigh more than 900 pounds. Such a pile, incidentally, would exclude 1,800 special reports by the same firms, amounting to 7,000 additional pages.

Obviously, no new investor would read all the letters, reports, studies and comments made by these 296 brokerage firms. Nor is there any reason why he should.

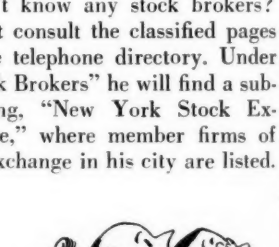
However, the intelligent investor is certain to become better informed by studying some of the material distributed in such quantity by the financial community.

How does a new investor obtain the investment material made available by a brokerage firm?

It's very simple: He merely writes and asks that his name be put on the mailing list for the market letters and other studies issued by a particular firm. Or perhaps a couple of firms.

Suppose a prospective investor doesn't know any stock brokers?

Just consult the classified pages of the telephone directory. Under "Stock Brokers" he will find a subheading, "New York Stock Exchange," where member firms of the Exchange in his city are listed.



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The Dynamic Electronics Industry

By DON G. MITCHELL

Chairman and President, Sylvania Electric Products, Inc.

THE electronics industry is noted above all other major industries of the world for its dynamic growth and its ceaseless development of new ideas.

Typical of the rapid advances achieved is the fact that in the first half of 1956, manufacturers sold 4¾ million transistors with a value of nearly $14 million, compared with 1.3 million units valued at less than $5 million in the first six months of 1955. This approximate three-fold one-year gain is significant because the tiny transistor is a relatively new device. But this is only one example. Ten years from now most of the electronics industry's products will be either completely new or vastly different from those produced today.

These changes will, of course, be translated into great gains in sales and revenue. Sales and revenues of the electronics industry are now at the annual rate of $11.5 billion, an increase of more than 10 per cent over a year ago. Conservatively projecting today's sales, we believe that by 1961 electronics will be almost a $16 billion industry and, a decade hence, a $22 billion industry.

This special optical device gives an enlarged picture of electron tubes, making possible close inspection.

Such growth would be unprecedented in industrial history. Yet it is reasonable to assume this growth will be even faster after 1966. It must be faster, if the na-

tion's growing needs are to be met. We have reached the point at which technical advances in every field depend upon the application of electronic methods.

The only limit to predicting the potential applications of electronics is one's imagination. Here are some of today's realities:

1. Electronic controls — used on many devices and are particularly important on automatic and semi-automatic machines for manufacturing. To avert critical labor shortages in the future, we must step up radically the use of automation controlled by electronics.

2. Navigation and communications—air, sea, and surface travel. There has been enormous expansion of "blind flying" equipment.

3. Industrial television — for quality control in manufacturing processes, and for various other types of production control.

4. Amplified light — Sylvania pioneered in electroluminescence with the Panelescent lamp. "Amplified light" holds great promise in television for entertainment and for communications.

5. Computers — the "electronic brains" which record, compute, and classify statistical information, rapidly and with undreamed-of accuracy. The computer is the heart of "data processing"—the gathering, recording, classifying, and reporting of a wide variety of business information concerning production, inventories, volume, billings, disbursements, and other data. Sylvania's revolutionary new data processing system, in which 71 facilities in 61 communities in 20 states are tied together by an 18,000-mile private communications network, was created to meet management's need for operating information *in time to do something about it.*

We can look ahead, too, to the day when electronics will ease our every-day burdens. In the home, we foresee electric power supplied through high-frequency electronics rather than by wiring; electronically operated refrigeration and air conditioning; television communications; the motorist on tomorrow's super-highways riding a radar beam just as the pilot does today.

Considering the potential of the electronics industry, we first should look at the field most of us know best — entertainment electronics. Television alone now accounts for nearly 70 per cent of the huge entertainment segment of the elec-

Assembling electronic receiving tubes.

Don G. Mitchell, Chairman and President of Sylvania Electric Products, became a prominent sales executive before he was 40. He joined the Sylvania organization in 1942, when he was 37 years old, as Vice President in charge of sales. Elected President in 1946, and Chairman in 1953, he has led the company in a major post-war expansion. Sylvania's annual sales now approach $330 million in the fields of lighting, television, radio, electronics and atomic energy.

Mr. Mitchell is chairman of the executive committee of the American Management Association, and a trustee of the Economic Development Committee and the National Industrial Conference Board.

tronics industry, and ten years from now it is expected to reach 75 per cent. About 7,500,000 television sets will be sold in 1956, and by 1966 something like 10,500,000 a year.

Color television is not quite the imponderable it was a year ago, principally because color telecasting has been substantially expanded and color set prices reduced. In 1955 the industry produced about 50,000 color sets and sold about 35,000 of them, but this year we estimate approximately 200,000 sets will be made and probably 150,000 sold. It will be a long time before color set sales catch up with black-and-white sales but we think that by 1966 color will represent 75 per cent of all sets sold.

Radar for Defense

The Federal Government continues to be our industry's largest customer. Today electronics equipment and systems comprise about 8.2 per cent of all mititary expenditures; by 1966 electronics expenditures will increase to about 11 per cent of all military costs. The Government is spending about $2.9 billion for defense electronics this year, and probably will increase its spending for electronics to more than $4 billion annually by 1966.

All departments of the Armed Services rely heavily on electronics. Piloted aircraft and ballistic missiles have been described as "flying laboratories" of electronic equipment. Radar is the heart of the air defense network and, of course, serves as the electronic eyes for all military aircraft and ships.

Industrial Uses

Although defense and entertainment electronics will make spectacular increases in volume, an even greater potential, percentagewise, lies in the application of electronics to business and industry. This year we anticipate manufacturers' sales of electronic equipment for industrial and commercial use will come very close to $1 billion, up about 30 per cent over a

year ago. In ten years this figure should be in excess of $2 billion.

These are some of the ways electronics may be applied to commercial and industrial use:

A data processing system built around an electronic computer can take only a day or so to get information from the field and devise a valuable market research program that previously might have taken weeks. A complete payroll can be processed in a few hours, including preparation of checks, compared with several days under previous methods. Engineering staffs are provided solutions to complex technical problems in a few minutes. Production can be geared far more closely to inventory by means of virtually instantaneous information concerning inventory positions.

Repair Bills

Up until now our discussion has been concerned only with the potential for electronic end products. The industry, however, encompasses much more than the production and sale of end products.

A large volume of parts and components are required to replace worn-out components in electronic equipment already in use. Manufacturers' sales of components for repair will total more than $800 million in 1956, and probably will reach $2 billion ten years from now. The repairman's services must be figured in, too, and will run about $1 billion this year, and about $1.8 billion by 1966.

Since the dollar figures cited refer to prices "at the factory door," there is also the revenue created by sales of electronic products through distribution channels. This revenue goes to the retailers and the wholesalers who must pay their costs of business and return a fair profit. Currently at the rate of $2.5 billion a year, it will rise to around $4.3 billion within ten years.

Electronics on the Air

Finally, going back to the entertainment end of electronics, we find the broadcasting-telecasting category which is a big business by itself. This includes the technical (electronic) costs of putting programs on the air. Broadcasting revenues will amount to almost $2 billion this year and may go as high as $5.6 billion by 1966.

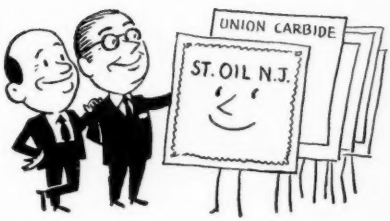
These figures show, then, that within a decade the electronics industry will just about double:

(In billions of dollars)

	1956	*1966*
Entertainment devices ...	$1.4	$2.0
Government purchases ..	2.9	4.2
Industrial-commercial ...	1.0	2.1
Components for repair..	.8	2.0
Wholesale and retail sales revenue	2.5	4.3
Repair labor costs.....	1.0	1.8
Broadcasting revenues...	1.9	5.6
Total	$11.5	$22.0

It is difficult to visualize another major industry that will progress as rapidly as electronics in the decade ahead.

COMMON TRUST FUNDS STICK TO FAVORITES



A TOTAL of 205 Common Trust Funds administered by 168 banks in 36 states, the District of Columbia and Hawaii held common stocks with a market value of $1.8 billion at the year-end, according to *Trusts and Estates.*

A Common Trust Fund is an investment portfolio, organized by a bank authorized to exercise trust powers, in which the funds of many small trusts and estates are co-mingled and in which they share, proportionately, the gains or losses. Such a device permits these investors to obtain a greater measure of diversification than would probably be possible by direct investment. Common Trust Funds are supervised by bank regulatory authorities. Most Common Trust Funds will invest sums ranging from around $5,000 up to $100,000 from individual trusts or estates.

The 205 Common Trust Funds reported on here benefit a total of 70,607 individual trust accounts.

What types of common stock are favored in these portfolios?

The accompanying table—showing the 15 listed common stocks found most often in such portfolios—seems to indicate that the bank administrators stick pretty close to those well-known common stocks which are also most popular with investment companies and other large institutional investors.

Favorite Stocks

In order of preference, the top five are Standard Oil (New Jersey), Union Carbide & Carbon, General Motors, American Telephone & Telegraph and General Electric.

Of the 15 favorite common stocks tabled, 9, or 60 per cent, advanced in price during the year ended June 29, 1956; 5 declined; and 1 showed no change.

The largest market price gains were $23.37 a share by Union Carbide & Carbon, $14.25 by Standard Oil (New Jersey) and

$13.50 by Texas Company. Only two of the five declines—$15.50 a share by Westinghouse Electric and $18.75 by E. I. du Pont—amounted to $3 per share or more.

Range of Yields

At mid-year, yields on these 15 equities—based on market prices on that date and cash dividend payments made in the 12 months then ended—ranged from 2.9 per cent for Westinghouse Electric to 7.6 per cent for Kennecott Copper. Nine of the issues showed yields of 4 per cent or better; 6 less than 4 per cent.

An investor could have acquired a portfolio of 10 shares of each of these 15 stocks at mid-1955 for $11,784. A year later, the market value of his holdings would have amounted to $12,402, an appreciation of $618, or 5.2 per cent.

Dividend income on the 150-share block would have totaled $514.30, representing a return on his investment of 4.36 per cent.

15 LISTED ISSUES MOST POPULAR WITH COMMON TRUST FUNDS

Common Stock	No. of Funds Owning*	Closing Market Price of Stock 6-30-55	Closing Market Price of Stock 6-29-56	Cash Divs. Pd. per Sh. in 12 Mos. Ended 6-29-56	Pct. Yield**
Standard Oil Co. (N. J.)	157	$ 42⅞a	$ 57⅛	$1.92a	4.5
Union Carbide & Carbon Corp.	151	102	125⅜	3.50	3.4
General Motors Corp.	151	36⅜a	45	2.50a	6.9
Amer. Tel & Tel Co.	150	182⅞	180	9.00	4.9
General Electric Co.	145	53⅛	61	1.80	3.4
Texas Company	138	51a	64½	2.28a	4.5
E. I. du Pont de Nemours	127	229¾	211	7.50	3.3
Phillips Petroleum Co.	126	37½a	49½a	1.50a	4.0
Sears, Roebuck & Co.	114	31a	30⅞	1.05a	3.4
Socony Mobil Oil Co. Inc.	110	48⅛a	57⅞	2.00a	4.2
Westinghouse Elec. Corp.	107	68⅛	52⅜	2.00	2.9
Nat'l Dairy Prod. Corp.	106	41⅞	39¾	1.65	3.9
J. C. Penney Co.	100	94½	94½	4.05	4.3
Kennecott Copper Corp.	95	118	124½	9.00	7.6
General Foods Corp.	92	41¼a	46⅜	1.68a	4.1

* These totals, compiled by *Trusts and Estates* from a study of 205 Common Trust Funds, are for the final quarter of 1955.

** Based on closing market prices 6-30-55—cash dividends paid per share in the 12 months ended 6/29/56.

a Adjusted for stock dividends or splits.

1,000,000 MIP SHARES

A FEW WEEKS ago a 33-year-old woman from Jonesboro, Arkansas, mailed a check for $50 to a Wall Street firm of brokers. This in itself was not a very notable event. But this check completed the purchase of the 1,000,000th share of stock bought under the Monthly Investment Plan and the check was mailed from Moscow, U. S. S. R.

The young lady who sent her check was Miss Constance V. Stuck, an employe of the Foreign Service of the U. S. Department of State. Ever since she first started to buy shares under MIP, in December 1954, she has made her purchases by mail—an advertisement in a magazine led to her first MIP Plan. The stock she selected was Dow Chemical.

Miss Stuck liked MIP so well that she started a second Plan in July this year, this time buying Safeway Stores.

How does Miss Stuck's taste in

securities compare with that of other MIP investors — the thousands of people who are buying listed stocks on a pay-as-you-go basis with an investment of as little as $40 monthly or even quarterly?

Both the securities she selected are among the 50 most popular issues with all MIP investors. Dow Chemical ranks third and Safeway 37th.

The accompanying table shows the fifty most popular issues as of Aug. 22, 1956. Compared with the preferences of MIP investors at the start of 1956, the list shows some interesting changes.

American Telephone, for instance, dropped out of the top five to seventh place and was replaced by Standard Oil (N. J.)

Eight issues dropped out of the

top fifty: Motor Products, International Nickel, Public Service Electric & Gas, General Telephone, Toledo Edison, American Radiator, Chrysler and International Harvester.

Newcomers included Sears, Roebuck, Kaiser Aluminum, United Gas Corp., Reynolds Metals, United Fruit, Standard Oil Co. (Indiana), Safeway Stores and Sinclair Oil.

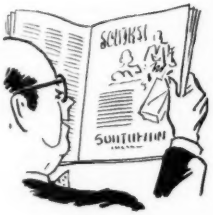
The figures in parentheses in the table show the standing of the issues as of Dec. 29, 1955.

MONTHLY INVESTMENT PLAN

Fifty Most Popular Stocks

— based on number of plans as of 8/22/56 —

Name of Stock	Number of Plans	Name of Stock	Number of Plans
General Electric (1)	2,947	Carrier Corp. (20)	322
General Motors (3)	2,306	Standard Oil of California (32)	318
Dow Chemical (4)	1,803	American Cyanamid (35)	313
Standard Oil Co. (N. J.) (6)	1,697	Reynolds Metals	305
Radio Corp. (2)	1,655	United Gas Corp.	304
Sperry Rand Corp. (9)	1,406	Consolidated Edison (24)	289
American Tel. & Tel. (5)	1,235	United Fruit	287
Tri-Continental Corp. (7)	1,017	Long Island Lighting (21)	280
duPont de Nemours (8)	796	Commonwealth Edison (38)	262
American Airlines (15)	610	Standard Oil Co. (Indiana)	261
Union Carbide & Carbon (11)	592	Int'l Business Machines (39)	259
Gulf Oil Corp. (13)	585	Safeway Stores	258
Westinghose Electric (12)	541	Canadian Pacific Ry. (23)	256
Lehman Corp. (19)	534	Columbia Gas System (28)	254
Olin Mathieson Chemical (18)	493	Socony Mobil Oil Co. (25)	251
Monsanto Chemical (26)	484	Minnesota Mining & Mfg. (50)	251
U. S. Steel (16)	454	General Dynamics (41)	247
Sears, Roebuck	449	Aluminum Ltd. (44)	245
Phillips Petroleum (27)	448	Southern Co. (30)	243
National Biscuit (14)	383	Sunray Mid-Continent Oil (36)	241
American Can Co. (29)	372	Detroit Edison Co. (33)	239
Eastman Kodak (22)	366	Sinclair Oil	227
Pacific Gas & Electric (17)	358	Sylvania Electric Products (42)	216
Kaiser Aluminum & Chemical	344	Greyhound Corp. (37)	213
Aluminum Co. of America (34)	326	Scott Paper (46)	207



Advertising . . Profits . . . Dividends

THE 25 largest advertisers among listed companies spent more than $600,000,000 in 1955 for national advertising in newspapers, magazines, network television and radio and outdoor media.

The exact total of $608,068,703 represented a gain of 28.2 per cent over the $474,189,213 spent in 1954. Only three of the top 25 spent less in 1955 than in 1954. Increases among individual companies ranged from 3.2 per cent to a hefty 73.5 per cent.

Three automobile companies led the list of big advertisers and, as might be expected, the other companies came from the consumer goods industries — soap, food, liquor, electrical products, tobacco, drugs, meat, tires, soft drinks, razors. At least two of the companies, though, derive a large part of their revenues from the sale of capital goods.

Advertising is an essential element in creating mass markets although, at the same time, advertising is NOT necessarily the sole answer to larger sales and income.

The accompanying table shows the tremendous variations between a particular company's advertising costs and their relationship to sales, revenues, net income and — which may be most intriguing to the investor — the amount of dividends paid.

Total dividends for the 25 companies amounted to $1,242,676,000 —just about double national advertising expenses—and were up 26.3 per cent from the $983,912,000 disbursed to common stockholders the previous year. Eight companies, however, paid less in dividends in 1955 than in 1954. One company paid nothing in dividends either year.

Advertising expenses in 1955 for the companies ranged from only four-tenths of one per cent of sales or revenues to 14.6 per cent.

The advertising expenses of three companies amounted to more than double their individual net incomes after taxes—225.8 per cent for Bristol-Myers, 229 per cent for Colgate-Palmolive and 206.6 per cent for Pillsbury Mills. Each of these companies paid more in dividends to the stockholders and in one case the increase from 1954 to 1955 was substantial.

Another three companies spent amounts for advertising which were well in excess of their net incomes. Schenley paid for adver-

tising a sum equal to 195 per cent of net income, P. Lorillard 148.9 per cent, and General Mills 124.8 per cent. Each of these companies disbursed less in cash common dividends in 1955 than in 1954.

The smallest amount paid for advertising by any of the 25 companies—expressed as a percentage of net income—was General Motors at 9.5 per cent. GM actually was the largest advertiser in dol-

25 LARGEST LISTED-COMPANY NATION

Company	Expenditures for Total National Advertising* 1955	1954	Per Cent Change	1955
General Motors Corp.	$112,907,265	$76,450,796	+47.7	0.9
Ford Motor Co.	53,805,372	38,419,810	+40.0	1.0
Chrysler Corp.	52,261,864	30,124,036	+73.5	1.5
Procter & Gamble Co.	49,002,374	37,496,533	+30.7	5.1
General Foods Corp.	36,367,325	30,530,955	+19.1	3.9
Colgate-Palmolive Co.	32,061,703	28,794,198	+11.3	11.2
General Electric Co.	26,494,590	20,478,106	+29.4	0.8
Distillers Corp.-Seagram's	21,120,312	19,297,372	+ 9.4	2.9
Gillette Company	20,474,144	15,182,344	+34.9	11.6
American Tobacco Co.	19,981,652	16,316,826	+22.5	1.8
R. J. Reynolds Tobacco Co.	19,047,603	17,729,235	+ 7.4	2.2
General Mills, Inc.	17,592,267	14,373,970	+22.4	3.4
Nat'l Dairy Products Corp.	14,676,817	13,948,941	+ 5.2	1.2
American Home Products Corp.	13,976,003	9,181,175	+52.2	5.9
Nat'l Distillers Prod. Corp.	13,424,461	13,008,615	+ 3.2	2.7
Campbell Soup Co.	12,573,278	11,194,793	+12.3	3.3
Schenley Industries, Inc.	11,896,030	12,881,469	− 7.7	2.9
Bristol-Myers Co.	11,063,976	6,741,013	+64.1	14.6
Liggett & Myers Tobacco Co.	10,928,127	12,227,322	−10.6	2.0
Coca-Cola Co.	10,740,846	8,886,144	+20.9	4.2
Studebaker-Packard Corp.	10,319,221	6,748,754	+52.9	2.1
P. Lorillard Co.	9,828,510	10,653,817	− 7.7	4.3
Goodyear Tire & Rubber Co.	9,391,039	8,645,187	+ 8.6	0.7
Pillsbury Mills, Inc.	9,089,505	6,496,685	+39.9	2.7
Swift & Co.	9,044,419	8,381,117	+ 7.9	0.4

‡—Latest available fiscal year (other than calendar year). *—Newspapers, Magazines, Network TV, C

lars, increasing its expenditures to $112,907,265 from $76,450,796, a boost of 47.7 per cent. And GM common stockholders? Well, they did pretty well, receiving $592,-245,497 in cash against $436,507,-196, an increase of 35.7 per cent.

Figures on advertising expenditures were obtained from The Advertising Age, Publishers' Information Bureau and the Bureau of Advertising.

NY NATIONAL ADVERTISERS IN 1955

	Ratio of Expenditures for Total National Advertising to:					
	Sales or Revenues		Net Income After Taxes		Total Cash Dividends Paid on Common Stock	
ge	1955	1954	1955	1954	1955	1954
7.7	0.9%	0.8%	9.5%	9.5%	$592,245,497	$436,507,196
0.0	1.0	1.0	12.3	16.9	174,716,975	89,800,000
3.5	1.5	1.5	52.3	162.8	34,792,518	39,157,281
0.7	5.1	4.1	85.4	71.7	33,768,640‡	31,256,556‡
9.1	3.9	3.7	93.2	96.3	18,743,668‡	16,923,157‡
1.3	11.2	11.0	229.0	230.4	7,398,664	6,085,363
9.4	0.8	0.6	13.4	10.2	145,927,630	131,444,387
9.4	2.9	2.6	68.1	53.9	15,213,014‡	15,024,876‡
4.9	11.6	9.4	72.1	58.2	19,624,804	16,178,954
2.5	1.8	1.5	38.6	37.9	28,655,097	28,654,173
7.4	2.2	2.2	35.7	39.6	25,737,186	23,731,853
2.4	3.4	2.8	124.8	115.9	5,097,504‡	7,243,516‡
5.2	1.2	1.2	36.4	38.3	21,600,627	20,839,743
2.2	5.9	4.5	68.2	56.7	12,884,463	11,533,705
3.2	2.7	2.7	86.6	95.0	8,430,037	8,479,029
2.3	3.3	3.3	43.2	47.4	14,518,654‡	12,000,000‡
7.7	2.9	3.1	195.0	339.0	4,365,726‡	7,639,521‡
4.1	14.6	10.9	225.8	187.3	2,381,616	1,595,396
0.6	2.0	2.2	40.9	55.1	15,646,084	19,557,605
0.9	4.2	3.7	39.1	34.3	21,335,790	21,362,490
2.9	2.1	3.0	d	d	—	—
7.7	4.3	4.6	148.9	169.1	3,851,257	4,564,450
8.6	0.7	0.8	15.7	18.0	18,709,854	14,708,782
9.9	2.7	1.9	206.6	122.6	2,216,053‡	1,859,495‡
7.9	0.4	0.3	39.5	43.9	14,814,928‡	17,764,138‡

, Network TV, Outdoor. d—Deficit.

MAJOR BATTERY PRODUCER JOINS TRADING LIST

THE Ray-O-Vac Company, which is one of the nation's major producers of dry-cell batteries and flashlight cases, listed 1,099,518 shares of capital stock on the Exchange on July 30. The stock has a par value of $2.50 per share and the ticker symbol is ROV.

Ray-O-Vac manufactures dry-cell batteries for a wide range of uses. The company's batteries are used not only in flashlights, but for photoflash, in lanterns, ignition systems, telephones, farm radios, portable radios, electric fences, hearing aids, in military equipment and in other special types of equipment.

Leakproof Battery

The company's most important product is a steel-jacketed battery which is said to be leakproof. The leakproof construction gives batteries longer life, whether in use or on the dealer's shelf.

Last year Ray-O-Vac diversified its product line by acquiring the Willson Products Co. of Reading, Pa., manufacturers of safety devices for the protection of the head, eyes, nose and throat against dust, smoke and fumes.

Cleaning and inspecting dry-cell batteries.

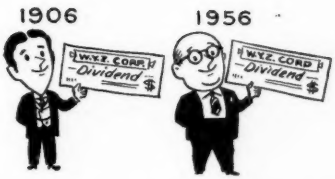
In addition to the Reading, Pa., plant, Ray-O-Vac operates 10 plants for the production of flashlights and batteries at Madison, Wonewoc and Fond du Lac., all in Wisconsin; Sioux City, Iowa; Lancaster, Ohio; Jackson, Tenn.; Williamsport, Pa.; Clinton, Mass.; Winnipeg, Manitoba, Can.; and San Bartolo Naucalpan, Mexico. A new plant is under construction in Colombia.

The company's net sales reached a record high of $39,935,000 in the fiscal year ended last March 31. Net earnings for the fiscal year came to $1,723,000, or $1.61 a share on the basis of total shares outstanding after a 2-for-1 stock split last July 6.

22 Years of Dividends

Cash dividends have been paid in every year since 1935. Last year Ray-O-Vac paid its 3,457 shareowners 75 cents a share, based on the present number of shares outstanding. A 30-cent payment was made last March 1: 15 cents was paid on June 1; and a 20-cent payment will be made September 1.

Half A Century of Dividends—



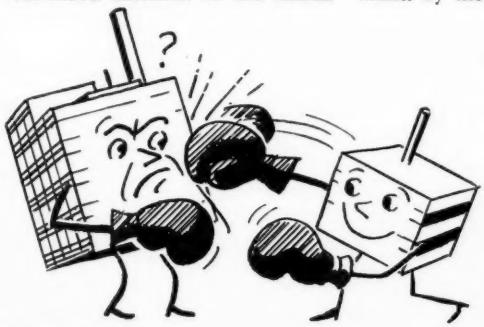
ONE EVERY THREE MONTHS

HALF *a century* is a long time in the history of a corporation —especially when the half century has produced the most sweeping and dramatic changes which have ever taken place in the whole pattern of the American economy. It's also a long time in the life-span of an investor.

Three wars have been fought in the past fifty years, two on a global scale. We are still in the midst of a technological revolution which has no end in sight. The nation has weathered the Great Depression and a couple of panics.

Many industries which today are considered essential to the health of our economy did not even exist fifty years ago. Industries which were thriving at the turn of the century have been remorsely destroyed by obsolescence. And virtually every industry and every company have been subjected to the constant and intense pressure of competition, new ideas, better products.

How have individual companies managed to survive fifty years of growth, fifty years of translating the impossible into a routine assembly line operation? A lot of companies, of course, have survived—but many, for sure, have fallen by the wayside.



One of the best gauges of a company's past performance is its dividend record and there are 308 common stocks listed on the New York Stock Exchange which have paid a cash dividend to their common stockholders at least

once each year for 25 to 108 years.

There's another group of listed stocks which have paid a cash common dividend each quarter for fifty years or more—not merely each year but *every three months,* year after year after year. There are just 37 issues in this showcase.

They are listed in the accompanying table, together with recent prices, cash dividends paid in the past year and recent yields. The table also shows the year quarterly dividends were started.

Over 50 Years

More than half of these companies—21 to be exact—have paid a cash dividend each quarter since *before* the turn of the century. American News has the longest record with almost a century of bimonthly payments thru 1955 and quarterly payments thereafter. Pullman Inc. is a close second with quarterly payments starting in 1867.

Many of the 37 tabled companies still derive the major part of their incomes from the same products or services they or their predecessor companies offered to the public when they started in business.

Others, however, have branched out into products or services which their founders never dreamed of.

Yale & Towne, for instance, started making door locks by hand in 1868; added other items of builders' hardware; and then became an important producer of hoists and industrial truck lifts of all kinds. Recently, it has become an important producer of powdered metals—a product which permits turning out parts to precise tolerances at low cost.

The three chemical companies in the tabulation, perhaps more than any others, reflect the changing face of American industry. And, the early stockholders of General Electric might find it difficult to understand the change from a small company generating electricity to the giant GE of today.

General Electric was the only one of the 37 to rate inclusion among the 25 most active issues in the first six months of 1956.

However, owners of these securities undoubtedly are less concerned with the volume of trading in the shares they own than they are in regular dividend checks.

Based on the late August market prices and cash dividends paid in the 12 months ended July 31, 1956, yields shown by the 37 cited common stocks ranged from a low of 2.4 to a high of 6.4 per cent.

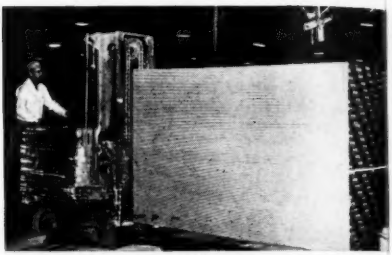
No less than 23 of the 37 showed yields of over 4 per cent.

Common Stocks Listed on the New York Stock Exchange with Uninterrupted Quarterly Cash Dividend Records for at Least 50 Years (Includes Records of Major Predecessor Companies)

Common Stock	Payments Began	Cash Divs. Paid (incl. extras) Year Ended 7/31/56	Closing Price 8/22/56	Per Cent Yield
American News Co.	1864	$1.30	$ 31½	4.1
Pullman Incorporated	1867	4.00	67	6.0
Erie & Pittsburgh R. R. Co.	1870	3.50t	69m	5.1
Pittsburgh, Fort Wayne & Chicago	1872	7.00	161½m	4.3
Gold & Stock Telegraph Co.	1877	6.00	160½m	3.7
American Tel. & Tel. Co.	1882	9.00	182	4.9
Washington Gas Light Co.	1885	2.00	39⅜m	5.1
Commonwealth Edison Co.	1890	2.00	41⅜	4.8*
Beech Creek Railroad Co.	1891	2.00	39¾	5.0
Boston Edison Co.	1891	2.80	53	5.3
Cons. Edison Co. of New York	1891	2.40	46½	5.2
Westinghouse Air Brake Co.	1894	1.20	32⅜	3.7
West Va. Pulp & Paper Co.	1895	1.50	56	2.7*
The U. S. Playing Card Co.	1896	4.00	67¼	5.9
Parke, Davis & Co.	1897	1.25	48⅞	2.6*
The Procter & Gamble Co.	1898	1.75a	52¾	3.3*
Raybestos-Manhattan, Inc.	1898	3.05	56¼	5.4*
Pittsburgh Plate Glass Co.	1899	3.05a	89½	3.4
General Electric Co.	1899	1.90	61½	3.1*
National Biscuit Co.	1899	2.00	36½	5.5
United Fruit Co.	1899	3.00	49½	6.1
The Electric Storage Battery Co.	1901	2.00	40½	4.9
Acme Steel Co.	1902	2.00	33⅞	5.9
Eastman Kodak Co.	1902	2.55	94	2.7*
United Engineering & Foundry Co.	1902	0.80	15⅞	5.0
American Snuff Co.	1903	2.80	43¾	6.4
Beech-Nut Life Savers, Inc. (1)	1903	1.30	28	4.6*
Allied Chemical & Dye Corp.	1903	2.93g	104¼	2.8
Central Hudson Gas & Elec. Corp.	1903	0.77	16⅛	4.8*
National Fuel Gas Co.	1903	1.00	20	5.0
The Texas Co.	1903	2.28a	61⅛	3.7*
The Yale & Towne Mfg. Co.	1904	1.28a	30⅞	4.1*
American Brake Shoe Co.	1904	2.30	43⅛	5.3*
American Natural Gas Co.	1904	2.20	66½	3.3*
E. I. du Pont de Nemours & Co.	1905	7.50	209¼	3.6*
Burroughs Corp.	1906	1.00	41⅝	2.4
National Lead Co.	1906	3.35	117	2.9*

a—Adjusted for stock dividends, split-ups, etc. m—Mean of bid—asked.
t—Subject to tax withheld by a state, territory or foreign govt.
*—Dividend rate increased since August 1, 1955.
(1)—Formerly Beech-Nut Packing Company.

New Gypsum Concern Joins Trading List



Gypsum wallboard ready for shipment.

BESTWALL Gypsum Co., whose 715,145 shares of $1-par common stock (ticker symbol: BWG) were listed on the Exchange on August 1, is the former gypsum division and paper producing subsidiary of Certain-teed Products Corp.

Certain-teed distributed to its common shareowners one share in the new company for each three shares of Certain-teed stock held.

Six Gypsum Plants

The new company is now operating the six former Certain-teed gypsum plants and producing a complete line of gypsum products, including sheathing, wallboard, plaster, lath, roof decks and industrial plasters for such uses as mock-ups, patterns, molds and castings. Plants are located at Acme, Tex.; Blue Rapids, Kan.; Fort Dodge, Iowa; Grand Rapids, Mich.; Akron, N. Y.; and Sigurd, Utah.

Bestwall has a paper mill at Pryor, Okla., which produces papers for gypsum board and gypsum lath. A Canadian subsidiary, The Beaver Wood Fibre Co., Ltd., produces newsprint, boxboard and fiberboard at Thorold, Ont.

Products are sold by Bestwall mainly in the Midwest, Southwest, Rocky Mountain and Pacific Northwest areas, and in eastern Canada. The company states that it plans to build three gypsum plants and a paper mill in the eastern United States in order to supply this heavily populated area.

The keystone of its Eastern expansion program, the company says, is the recent acquisition of large proven reserves of gypsum rock in Nova Scotia, estimated at about 100,000,000 tons.

Net sales of the Bestwall division when it was part of the Certain-teed Corp. totaled $34,178,000 in 1955, and net earnings came to $4,418,000, equal to $6.18 each on the Bestwall shares now outstanding. For the first six months of 1956, net sales of the Bestwall division amounted to $17,554,283 and net profit came to $2,335,670, or $3.27 a share.

The Bestwall Co. has announced it is unlikely cash dividends will be paid prior to the completion of its expansion program. Consideration will be given from time to time, the company says, to the declaration of stock dividends.

INVESTMENT DECISIONS

THE investment decisions of institutional investors — such as college endowments, pension funds and closed-end investment trusts— are frequently studied as an expression of informed opinion about individual stocks. These funds, of course, are usually managed by men and women of high professional stature who are experts in security and market analysis.

A study of portfolio changes by 10 listed diversified closed-end investment companies, from the end of 1955 to mid-1956, indicates that even the experts disagree.

Twelve Stocks

Twelve stocks which accounted for the largest reductions in the 10 portfolios as a group were selected and their price performance analyzed. The results are shown in the accompanying table.

A closed-end investment trust, incidentally, is a company which issues a specific number of shares and uses its capital to invest in the shares of other companies. An open-end trust buys and sells its own shares so that the total is always changing; its capital, though, is also used to invest in the shares of other companies.

Seven of the issues most sold by the 10 companies declined in price over the six-month period—but five advanced. Declines ranged from a maximum of $20 for high-priced du Pont to only 50 cents a share for Columbia Gas System.

Largest gain was scored by fast-moving Reynolds Metals, which advanced $23.12.

Five of the seven losses amounted to less than $3 a share; all of the advances were more than $3.

The fact that 5 of the 12 sold issues rose in market price is no indication of poor judgment—the prices received for the shares may have been higher than the market prices at mid-year; the profit over cost may have been too great to resist; or management may have been convinced that a switch to another stock promised better prospects for the long-pull.

Little unanimity of opinion as to the merits of a particular issue was shown by the companies.

Only one of the 12 stocks— Columbia Broadcasting "A"—was sold by all companies which held it at the year-end. In the case of General Electric, two boosted their holdings, two made reductions and three made no changes.

12 Listed Common Stocks Sold Most By 10 Listed Diversified Closed-End Companies In the First Half of 1956

Issues	Number of Investment Companies	Number of Shares Held 12/30/55	Number of Shares Held 6/29/56	Share Change	Market Price of Stock 12/30/55	Market Price of Stock 6/29/56
Amerada Petroleum					92⅝	106⅞
Reduced	3	385,000	345,000	—40,000		
Increased	0	0	0	0		
Unchanged	5	189,000	189,000	0		
Columbia Broadcasting System Class A.....					26⅞	24⅝
Reduced	3	48,756	20,000	—28,756		
Increased	0	0	0	0		
Unchanged	0	0	0	0		
Columbia Gas System...					16¼	15¾
Reduced	1	50,000	0	—50,000		
Increased	0	0	0	0		
Unchanged	3	29,000	29,000	0		
E. I. du Pont de Nemours					231	211
Reduced	2	65,000	44,000	—21,000		
Increased	2	0	500	+ 500		
Unchanged	4	10,800	10,800	0		
General Electric					57¾	61
Reduced	2	96,500	73,000	—23,500		
Increased	2	11,500	15,500	+ 4,000		
Unchanged	3	51,900	51,900	0		
General Motors					46¼	45
Reduced	5	126,000	8,500	—117,500		
Increased	0	0	0	0		
Unchanged	3	14,520	14,520	0		
National Steel					71¾	69
Reduced	1	19,000	0	—19,000		
Increased	0	0	0	0		
Unchanged	1	15,000	15,000	0		
Ohio Oil					34¾	39½
Reduced	1	40,000	20,000	—20,000		
Increased	1	50,000	80,000	+30,000		
Unchanged	1	4,000	4,000	0		
Reynolds Metals					50⅞	74
Reduced	4	155,195	135,000	—20,195		
Increased	0	0	0	0		
Unchanged	1	115,760	115,760	0		
Sears Roebuck					36	30⅞
Reduced	3	169,950	58,000	—111,950		
Increased	0	0	0	0		
Unchanged	4	107,270	107,270	0		
Southern Production Co..					34½	40¾
Reduced	2	44,000	10,000	—34,000		
Increased	0	0	0	0		
Unchanged	1	22,000	22,000	0		
United Gas Corp.					31½	29⅞
Reduced	6	199,000	149,000	—50,000		
Increased	0	0	0	0		
Unchanged	2	33,000	33,000	0		

HOW TO BUY INDUSTRIALS

ALTHOUGH not designed to teach indivduals how to invest, the Occidental Life Insurance Co. report on security holdings contains an explanation of its policies which many investors may find interesting and instructive.

The California institution, which has assets in excess of half a billion dollars, discloses that it adheres to the following standards in purchasing *industrial* common stocks:

Seven Standards

1. Shares selected are mainly those of companies which have research departments actively seeking new products and processes to serve the mass consumer.

2. Industries and companies with strong "growth" characteristics are favored.

3. Less emphasis is placed on current dividend and yield than on the earnings trend and the prospects for higher future profits.

4. Purchases are made on an "average price" basis, which tends to minimize market fluctuations.

5. Investments are made only on a long-term basis.

6. No investment is ever made for speculative or trading purposes.

7. Stocks are sold if deterioration develops.

"Management today, we feel," Occidental's report says, "must show demonstrated ability to adjust to technological and economic changes. It faces a much keener competition from invasion of markets by new materials and new scientific methods—not just price competition. Consequently, research is not merely desirable, it is vital!"

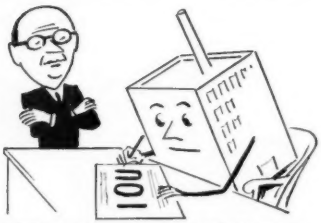
The year-end value of this insurance company's common stock holdings, it adds, was "about 60 per cent in excess of their aggregate cost," giving "no recognition to profits captured." Yield based on cost was 6.09 per cent; yield on current market was 3.96 per cent.

Industrial common stocks held by Occidental were:

Stock	Shares
Corning Glass Works	7,000
Dow Chemical	10,200
E. I. du Pont de Nemours ..	4,000
General Electric	10,000
Inter'l Business Machines ..	2,500
Minneapolis-Honeywell	6,000
Minnesota Mining & Mfg. ..	6,000
Monsanto Chemical	15,300
Owens-Illinois Glass	3,000
Scott Paper	6,000
Sears, Roebuck	12,120
Standard Oil of California..	6,300
Standard Oil (New Jersey).	5,500
Union Carbide & Carbon ..	5,000

Other common holdings included blocks of 30 utilities—all listed on the Stock Exchange—21 banks and 13 insurance companies.

THERE ARE BONDS . . . AND BONDS



THE language of Wall Street—"financialese," if you like the term—evidently has a strong attraction for many readers of THE EXCHANGE. In several previous issues, we've carried definitions of financial terms and we've been asked to publish more.

Here are a few terms relating to bonds—and if there are any others which you'd like us to discuss, please drop us a line.

Bond: Basically an IOU or promissory note of a corporation, usually issued in multiples of $1,000, although $100 and $500 denominations are not uncommon. A bond is evidence of a debt on which the issuing company usually promises to pay the bondholders a specific amount of interest for a specific length of time, and to repay the loan on the expiration date. In every case a bond represents debt—its holder is a creditor of the corporation and not a part owner as is the shareholder.

Debenture: A promissory note backed solely by the general credit of a company and not secured by a mortgage or lien on any specific property.

Convertible: A bond or debenture which the owner may exchange for common stock or another security of the same company.

Mortgage Bond: A bond secured by a mortgage on a piece of property. The value of the property may or may not equal the value of the bonds issued against it.

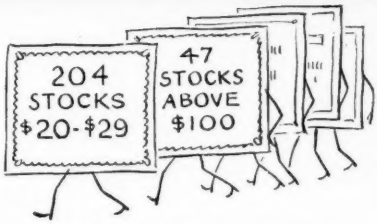
Refunding Bond: A bond issued to raise money to redeem on or before maturity one or more callable bonds of the same company. Usually sold when it is possible to take advantage of a lower interest rate than the rate on an outstanding bond, thus cutting down a company's fixed charges.

Tax Exempt

Municipal Bond: A bond issued by a state or a political subdivision, such as county, city, town or village. The term also designates some bonds issued by state agencies. In general, interest paid on municipal bonds is exempt from Federal income taxes.

Face Value: The value of a bond that appears on the face of the bond, unless the value is otherwise specified by the issuing company. Face value is ordinarily the amount the issuing company promises to pay at maturity. Face value is not an indication of market value.

PRICE POPULARITY



At mid-year, more common stocks—204, or 18.9 per cent of all issues listed on the Stock Exchange—were selling in the $20-to-$29.99 price range than in any other.

Conversely, only 47 common stocks—or 4.3 per cent of the 1,080 issues then listed—were selling at or above $100.

Besides $20-to-$29.99, three other price groups contained more than 100 listed common stocks at mid-year—$10-to-$19.99 a share, with 197 issues, or 18.3 per cent; $30-to-$39.99, with 190 stocks, or 17.6 per cent; and $40-to-$49.99 with 143 stocks, or 13.3 per cent.

Here is the way price groups of listed common stocks shaped up on June 30, 1956:

DISTRIBUTION OF COMMON STOCKS LISTED ON THE NEW YORK STOCK EXCHANGE — BY PRICE GROUPS — as of June 30, 1956 —

Price Group	Number of Issues	Per Cent of Total Actual	Per Cent of Total Cumulative
Under $10.00	90	8.3	8.3
$ 10 — 19.99	197	18.3	26.6
$ 20 — 29.99	204	18.9	45.5
$ 30 — 39.99	190	17.6	63.1
$ 40 — 49.99	143	13.3	76.4
$ 50 — 59.99	90	8.3	84.7
$ 60 — 69.99	48	4.5	89.2
$ 70 — 79.99	36	3.3	92.5
$ 80 — 89.99	24	2.2	94.7
$ 90 — 99.99	11	1.0	95.7
$100 — 124.99	18	1.7	97.4
$125 — 149.99	11	1.0	98.4
$150 — 174.99	8	0.7	99.1
$175 — 199.99	2	0.2	99.3
$200 & over	8	0.7	100.0
Total	1,080	100.0	